

**HIGHLANDS LOCAL MUNICIPALITY**

**FINANCIAL STATEMENTS**

**30 JUNE 2003**

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## **GENERAL INFORMATION**

### **MEMBERS OF THE EXECUTIVE COMMITTEE**

### **GRADING OF LOCAL AUTHORITY**

Grade

### **AUDITORS**

Auditor-General

### **BANKERS**

### **REGISTERED OFFICE**

### **COUNCIL MEMBERS**

### **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements set out on pages 5 to 29 were received by the Municipal Manager on 29 September 2004 and will be presented to and approved by the Council.

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**MUNICIPAL MANAGER**

**FOREWORD BY HER WORSHIP THE MAYOR**

**MAYOR**

## DIRECTOR OF FINANCIAL SERVICES REPORT

### 1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in Appendices D and E. The overall operating results for the year ended 30 June 2003 are as follows:

| INCOME                        | ACTUAL         |               | VARIANCE<br>2002/2003 | BUDGET<br>2003 |
|-------------------------------|----------------|---------------|-----------------------|----------------|
|                               | 2002           | 2003          |                       |                |
|                               | R              | R             | %                     | R              |
| Opening Surplus               | 16,750,052.00  | 14,215,906.00 | -15%                  | -              |
| Operating income for the year | (2,534,146.00) | 7,454,520.80  | -394%                 | 11,285.00      |
| Closing Deficit               | 14,215,906.00  | 21,670,426.80 |                       | 11,285.00      |

#### 1.1 Rate and General Services

|             | ACTUAL       |              | VARIANCE<br>2002/2003 | BUDGET<br>2003 |
|-------------|--------------|--------------|-----------------------|----------------|
|             | 2,002        | 2,003        |                       |                |
|             | R            | R            | %                     | R              |
| Income      | 19,392,482   | 16,754,790   | -14%                  | 20,085,802     |
| Expenditure | (20,869,703) | (18,614,646) | -11%                  | 21,663,431     |
|             | (1,477,221)  | (1,859,856)  |                       | (1,577,629)    |

#### 1.2 Trading Services

|             | ACTUAL      |            | VARIANCE<br>2002/2003 | BUDGET<br>2003 |
|-------------|-------------|------------|-----------------------|----------------|
|             | 2,002       | 2,003      |                       |                |
|             | R           | R          | %                     | R              |
| Income      | 9,046,390   | 10,164,421 | 12%                   | 13,234,976     |
| Expenditure | 10,270,775  | 9,141,308  | -11%                  | 11,646,062     |
|             | (1,224,385) | 1,023,113  |                       | 1,588,914      |

### 2. CAPITAL EXPENDITURE

Capital Expenditure on fixed assets during the year amounted to R2 510 (R342 837 in 2002)

|                                | ACTUAL<br>2003<br>R | BUDGET 2003<br>R | ACTUAL<br>2002<br>R |
|--------------------------------|---------------------|------------------|---------------------|
| Office Furniture and Equipment | 2,510               | 249,300          | 342,837             |
| Other fixed assets             |                     |                  |                     |
|                                | <b>2,510</b>        | <b>249,300</b>   | <b>342,837</b>      |

The resources used to finance the fixed assets were as follows:

|                          | ACTUAL<br>2003<br>R | BUDGET 2003<br>R | ACTUAL<br>2002<br>R |
|--------------------------|---------------------|------------------|---------------------|
| Contribution from Income | 2,510               | 249,300          | 342,837             |
|                          | <b>2,510</b>        | <b>249,300</b>   | <b>342,837</b>      |

### 3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding amounted to R305 992 as at 30 June 2003 (R 399 671 in 2002) as set out in Appendix B. No Loans were taken up during the year.

Grants and Subsidies totaling R 4 072 589 (R4 450 951 in 2002) were received during the year.

Investments on 30 June 2003 amounted to R9 480 211 (R 8 554 667 in 2002). No investments were written off during the year.

More information regarding loans and investments are disclosed in notes 4 and 6 as well as Appendix B to the financial statements.

## DIRECTOR OF FINANCIAL SERVICES REPORT

### **4. FUNDS AND RESERVES**

More information regarding the funds and reserves are disclosed in notes 1 and 2 as well as Appendix A to the financial statements.

### **5. PROVISIONS**

The following provisions were made in the 2002/03 financial year.

Leave Pay Provision : R845 600

### **6. EXPRESSION OF APPRECIATION**

I am grateful to the Mayor, Members of the Executive Committee, Councillors, the Municipal Manager, Heads of Department, Office of the Auditor General and staff of the National Treasury for their support and assistance in preparation of these financial statements.

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**MR. BL MAHLANGU**  
**DIRECTOR OF FINANCIAL SERVICES**

## ACCOUNTING POLICIES

### 1 BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd Edition as amended)
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for Capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis:
- income is accrued when collectable and measurable
  - levy income is accrued when received
  - expenditure is accrued in the year it is incurred

### 2 FIXED ASSETS

#### 2.1 Fixed Assets are stated:

- at historical cost, or
- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation whilst they are in existence and fit for use.

#### 2.2 Depreciation

The balance shown against the heading "loans redeemed and other capital receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of the "provision" assets are written down over their estimated useful life. Apart from advances from the various Council Funds assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and it is therefore unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "loans redeemed and other capital receipts" account.

#### 2.3 Sale of fixed property

All net proceeds from the sale of fixed property are credited to the Land Trust Fund.  
Net proceeds from the sale of all other assets are credited to the Capital Development Fund.

#### 2.4 Financing

Fixed assets are financed from different sources including external loans, operating income, endowments and internal advances.

These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the services concerned at the ruling interest rate applicable at the time the advance is made.

## **ACCOUNTING POLICIES**

### **3 FUNDS AND RESERVES**

#### **3.1 Consolidated Capital Development Fund**

The Local Authorities Capital Development Fund Ordinance Number 9 of 1978 requires a minimum contribution of 1% of the defined revenue of the council for the immediate preceding financial year. The council's contribution to the Capital Development Fund for the current financial year amounted to 1%.

### **4 SURPLUSES AND DEFICITS**

Any surpluses or deficits arising from the operation of each service are retained in that service for its own use.

### **5 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The cost of internal support services is transferred to the various services.

### **6 LEASED ASSETS**

Fixed assets held under finance leases are capitalized. Such assets are effectively amortised over the term of the lease agreement.

- Lease finance charges are allocated to the accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.
- All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner relating to the period of use of the assets concerned.

### **7 INVESTMENTS**

Investments are shown at a lower cost or market value if a permanent decline in the value occurred and are invested in accordance with Section 125 of the Local Authorities Ordinance 1974 (No. 25 of 1974)

### **8 INCOME RECOGNITION**

#### **8.1 Water Billing**

Meters are read on a monthly basis and billed accordingly.  
with the raising of the levies.

#### **8.1 Assessment Rates**

A general rates is levied based on the property value.  
Rebates are granted to State owned property.

# BALANCE SHEET

AS AT

30 JUNE 2003

|                                             |      | 30-06-2002        | 30-06-2003        |
|---------------------------------------------|------|-------------------|-------------------|
|                                             | Note | R                 | R                 |
| <b>CAPITAL EMPLOYED:</b>                    |      |                   |                   |
| Funds & Reserves                            |      | 12,578,477        | 11,435,342        |
| Statutory funds                             | 1    | 10,523,637        | 10,498,669        |
| Reserves                                    | 2    | 2,054,840         | 936,673           |
| (Accumulated Defecit)                       |      |                   |                   |
| Unappropriated Surplus                      | 13   | 14,215,906        | 21,670,427        |
|                                             |      | 26,794,383        | 33,105,769        |
| Trust Funds                                 | 3    | 103,730           | -                 |
| Long Term Liabilities                       | 4    | 304,463           | 241,983           |
| Consumer Deposits                           | 11   | 918,157           | 722,827           |
|                                             |      | <b>28,120,733</b> | <b>34,070,579</b> |
| <b>EMPLOYMENT OF CAPITAL:</b>               |      |                   |                   |
| Fixed Assets                                | 5    | 4,578,646         | 4,348,360         |
| Investments                                 | 6    | 8,554,667         | 9,480,211         |
| Long Term Debtors                           | 7    | 1,701             | -                 |
|                                             |      | 13,135,014        | 13,828,571        |
| <b>NET CURRENT LIABILITIES:</b>             |      | 14,985,719        | 20,242,008        |
| <b>Current Assets:</b>                      |      | 24,094,285        | 34,415,617        |
| Debtors                                     | 8    | 22,165,533        | 30,209,825        |
| Cash on hand                                |      | 37,575            | 39,373            |
| Short term Portion of Long term Debtors     | 7    | -                 | 1,701             |
| Bank Account                                |      | 1,891,177         | 4,164,719         |
| <b>Current Liabilities:</b>                 |      | (9,108,566)       | (14,173,608)      |
| Provisions                                  | 9    | 206,832           | 1,161,003         |
| Short term portion of Long term Liabilities | 4    | 95,208            | 64,009            |
| Creditors                                   | 10   | 8,806,526         | 12,948,596        |
|                                             |      | <b>28,120,733</b> | <b>34,070,579</b> |

**INCOME STATEMENT**  
for the year ended  
30 JUNE 2003

| 2002<br>ACTUAL<br>INCOME | 2002<br>ACTUAL<br>EXPENDITURE | 2002<br>SURPLUS/<br>(DEFICIT) |                                                                  | 2003<br>ACTUAL<br>INCOME | 2003<br>ACTUAL<br>EXPENDITURE | 2003<br>SURPLUS/<br>(DEFICIT) | 2003<br>BUDGET<br>SURPLUS/<br>(DEFICIT) |
|--------------------------|-------------------------------|-------------------------------|------------------------------------------------------------------|--------------------------|-------------------------------|-------------------------------|-----------------------------------------|
| R                        | R                             | R                             |                                                                  | R                        | R                             | R                             | R                                       |
| 19,392,482               | 20,869,703                    | (1,477,221)                   | <b>RATES &amp; GENERAL<br/>SERVICES</b>                          | 16,754,790               | 18,614,646                    | (1,859,856)                   | (1,577,629)                             |
| 12,817,283               | 14,804,546                    | (1,987,263)                   | Community Services                                               | 10,725,747               | 12,911,932                    | (2,186,186)                   | (912,661)                               |
| 26,423                   | 927,525                       | (901,102)                     | Susidised Services                                               | 413,583                  | 1,950,921                     | (1,537,339)                   | (2,223,727)                             |
| 6,548,776                | 5,137,632                     | 1,411,144                     | Economic Services                                                | 5,615,461                | 3,751,793                     | 1,863,668                     | 1,558,759                               |
| -                        | -                             | -                             | Housing Services                                                 | -                        | -                             | -                             | -                                       |
| 12,133,187               | 10,270,775                    | 1,862,412                     | Trading Services                                                 | 10,164,421               | 9,141,308                     | 1,023,113                     | 1,588,914                               |
| <b>31,525,669</b>        | <b>31,140,478</b>             | <b>385,191</b>                | <b>TOTAL</b>                                                     | <b>26,919,211</b>        | <b>27,755,954</b>             | <b>(836,743)</b>              | <b>11,285</b>                           |
|                          |                               | (2,919,337)                   | <b>Appropriations for the year<br/>(refer to note )</b>          |                          |                               | 8,291,264                     |                                         |
|                          |                               | (2,534,146)                   | <b>Net Surplus for the year/<br/>(Defecit for the year)</b>      |                          |                               | 7,454,521                     |                                         |
|                          |                               | 16,750,052                    | <b>Unappropriated Surplus/<br/>(Defecit) at the beginning of</b> |                          |                               | 14,215,906                    |                                         |
|                          |                               | <b>14,215,906</b>             | <b>Unappropriated Surplus/<br/>(Defecit) at the end of the</b>   |                          |                               | <b>21,670,427</b>             |                                         |

**CASH FLOW STATEMENT**  
for the year ended  
30 JUNE 2003

|                                             |    | 30-06-2002         | 30-06-2003         |
|---------------------------------------------|----|--------------------|--------------------|
| <b>Cash retained from operations:</b>       |    | <b>(3,995,252)</b> | <b>4,176,442</b>   |
| Cash generated by operations                | 14 | (2,916,364)        | 7,572,104          |
| Investment income                           | 12 | 821,368            | 938,538            |
| (Increase)/Decrease in operating capital    | 15 | (1,662,851)        | (4,212,302)        |
|                                             |    | <b>(3,757,847)</b> | <b>4,298,340</b>   |
| <b>Less:</b>                                |    |                    |                    |
| Interest paid                               | 12 | (237,405)          | (121,897)          |
| Cash utilised for investment operations     |    |                    |                    |
| - Fixed Assets                              |    | 3,622,962          | 230,287            |
|                                             |    | <b>(372,290)</b>   | <b>4,406,729</b>   |
| <b>Cash effect of financing Operations:</b> |    |                    |                    |
| Increase/(Decrease) in long term loans      | 16 | (821,816)          | (93,679)           |
| (Increase)/Decrease in cash investments     | 17 | 183,594            | (925,544)          |
| Increase/(Decrease) in cash                 | 18 | 1,010,511          | (2,275,340)        |
|                                             |    | <b>372,290</b>     | <b>(3,294,563)</b> |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2003**

|                                                                                       | 30-06-2002        | 30-06-2003        |
|---------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>1. ACCUMULATED FUNDS:</b>                                                          |                   |                   |
| Capital Development Fund                                                              | 5,276,890         | 6,153,739         |
| Land Trust Fund                                                                       | 4,183,212         | 4,344,930         |
| Revolving Fund                                                                        | 1,063,535         | -                 |
|                                                                                       | <u>10,523,637</u> | <u>10,498,669</u> |
| <b>2. RESERVES</b>                                                                    |                   |                   |
| Maintenance                                                                           | 709,699           | 709,699           |
| Sport and Recreation Fund                                                             | 28,293            | -                 |
| Redemption Fund                                                                       | 755,990           | -                 |
| Forestry                                                                              | 291,802           | -                 |
| Leave                                                                                 | 37,766            | -                 |
| Old Hearse Building                                                                   | 11,764            | -                 |
| MHR Fly Fishing Park                                                                  | 219,526           | 226,974           |
|                                                                                       | <u>2,054,840</u>  | <u>936,673</u>    |
| <b>3. TRUST FUNDS</b>                                                                 |                   |                   |
| Donations                                                                             | 103,730           | -                 |
|                                                                                       | <u>103,730</u>    | <u>-</u>          |
| <b>4. LONG TERM LIABILITIES:</b>                                                      |                   |                   |
| Local Registered Stock                                                                | 120,518           | 122,131           |
| Annuity Loans                                                                         | 165,164           | 109,024           |
| Loan Fund                                                                             | 113,989           | 74,837            |
|                                                                                       | <u>399,671</u>    | <u>305,992</u>    |
| Less: Short-term portion                                                              | 95,208            | 64,009            |
|                                                                                       | <u>304,463</u>    | <u>241,983</u>    |
| (Refer Annexure B)                                                                    |                   |                   |
| <b>5. FIXED ASSETS:</b>                                                               |                   |                   |
| Fixed assets at the beginning of the year                                             | 72,680,828        | 72,426,955        |
| Capital expenditure during the year incurred of fixed assets received during the year | 342,837           | 2,510             |
| <b>Less:</b>                                                                          |                   |                   |
| Assets written off, transferred or disposed of during the year                        | (596,710)         | -                 |
| <b>TOTAL FIXED ASSETS</b>                                                             | <u>72,426,955</u> | <u>72,429,465</u> |
| <b>Less:</b>                                                                          |                   |                   |
| Loans redeemed and other capital receipts                                             | (67,695,797)      | (67,928,593)      |
| Unrealised housing charges                                                            | (152,512)         | (152,512)         |
| <b>NETTO FIXED ASSETS</b>                                                             | <u>4,578,646</u>  | <u>4,348,360</u>  |
| <b>Refer to Annexure C</b>                                                            |                   |                   |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2003**

|                                                                                                                                                                                                                                                         | 30-06-2002        | 30-06-2003        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>6. INVESTMENTS:</b>                                                                                                                                                                                                                                  |                   |                   |
| <b>Unlisted</b>                                                                                                                                                                                                                                         |                   |                   |
| External                                                                                                                                                                                                                                                | 8,554,667         | 9,480,211         |
| <b>TOTAL INVESTMENTS</b>                                                                                                                                                                                                                                | <b>8,554,667</b>  | <b>9,480,211</b>  |
| Local Authorities are required to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments |                   |                   |
| <b>7. LONG TERM DEBTORS:</b>                                                                                                                                                                                                                            |                   |                   |
| Housing Loans                                                                                                                                                                                                                                           | 1,701             | 1,701             |
| Short-term portion of Long Term Debtors                                                                                                                                                                                                                 | -                 | (1,701)           |
|                                                                                                                                                                                                                                                         | <b>1,701</b>      | <b>-</b>          |
| <b>8. DEBTORS:</b>                                                                                                                                                                                                                                      |                   |                   |
| Consumer debtors                                                                                                                                                                                                                                        | 20,696,970        | 27,483,892        |
| Sundry Debtors                                                                                                                                                                                                                                          | -                 | 363,879           |
| Grants spent not yet received                                                                                                                                                                                                                           | 3,081,494         | 2,723,144         |
| Less: Provision for bad debts                                                                                                                                                                                                                           | (1,863,734)       | (1,863,734)       |
| VAT                                                                                                                                                                                                                                                     | 250,803           | 1,502,643         |
|                                                                                                                                                                                                                                                         | <b>22,165,533</b> | <b>30,209,825</b> |
| <b>9. PROVISIONS:</b>                                                                                                                                                                                                                                   |                   |                   |
| Leave                                                                                                                                                                                                                                                   | 47,035            | 845,600           |
| General Valuation                                                                                                                                                                                                                                       | 44,322            | 44,322            |
| Election Costs                                                                                                                                                                                                                                          | 21,335            | 21,335            |
| Audit Fees                                                                                                                                                                                                                                              | 94,140            | 249,746           |
|                                                                                                                                                                                                                                                         | <b>206,832</b>    | <b>1,161,003</b>  |
| <b>10. CREDITORS:</b>                                                                                                                                                                                                                                   |                   |                   |
| Trade Creditors:                                                                                                                                                                                                                                        | 1,018,026         | 1,453,828         |
| Unspent Grants                                                                                                                                                                                                                                          | 5,591,620         | 7,229,024         |
| Debtors Received in Advance                                                                                                                                                                                                                             | 127,490           | 242,241           |
| Value Added Tax levied but not yet received                                                                                                                                                                                                             | 2,069,390         | 4,023,503         |
|                                                                                                                                                                                                                                                         | <b>8,806,526</b>  | <b>12,948,596</b> |
| <b>11. CONSUMER DEPOSITS</b>                                                                                                                                                                                                                            |                   |                   |
| - Electricity & Water                                                                                                                                                                                                                                   | 918,157           | 719,677           |
| - Sundry Deposits                                                                                                                                                                                                                                       | -                 | 3,150             |
|                                                                                                                                                                                                                                                         | <b>918,157</b>    | <b>722,827</b>    |
| <b>12. FINANCING TRANSACTIONS:</b>                                                                                                                                                                                                                      |                   |                   |
| - Interest : Earned                                                                                                                                                                                                                                     | 821,368           | 938,538           |
| - Interest : Paid                                                                                                                                                                                                                                       | (237,405)         | (121,897)         |
|                                                                                                                                                                                                                                                         | <b>583,963</b>    | <b>816,640</b>    |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2003**

|                                                                    | 30-06-2002                | 30-06-2003                |
|--------------------------------------------------------------------|---------------------------|---------------------------|
| <b>13. APPROPRIATIONS:</b>                                         |                           |                           |
| <b>Appropriation Account:</b>                                      |                           |                           |
| Unappropriated Surplus at the beginning of the year                | 16,750,052                | 14,215,906                |
| Operating Surplus/(Defecit) for the year                           | 385,191                   | (836,743)                 |
| Prior year adjustment                                              | (2,919,337)               | 8,291,264                 |
|                                                                    | <u><b>14,215,906</b></u>  | <u><b>21,670,427</b></u>  |
| <b>14. CASH GENERATED BY OPERATIONS:</b>                           |                           |                           |
| Surplus/(Deficit) For the year                                     | 385,191                   | (836,743)                 |
| - Adjustment in respect of: Previous years operationg transactions | (2,919,337)               | 8,291,264                 |
| - Reserves and Provisions                                          | (120,632)                 | 959,191                   |
| - Statutory Funds                                                  | 322,377                   | (24,968)                  |
| - Interest Income                                                  | (821,368)                 | (938,538)                 |
| - Interest Paid                                                    | 237,405                   | 121,897                   |
|                                                                    | <u><b>(2,916,364)</b></u> | <u><b>7,572,104</b></u>   |
| <b>15. (INCREASE)/DECREASE IN WORKING CAPITAL:</b>                 |                           |                           |
| (Increase)/Decrease in Inventory                                   | (246,616)                 | -                         |
| (Increase)/Decrease in Debtors                                     | (5,326,755)               | (8,044,291)               |
| (Increase)/Decrease shortterm portion of long term debtors         | 4,500                     | -                         |
| Increase/(Decrease) in Deposits                                    | 117,144                   | (195,330)                 |
| Increase/(Decrease) in Creditors                                   | 3,788,876                 | 4,027,319                 |
|                                                                    | <u><b>(1,662,851)</b></u> | <u><b>(4,212,302)</b></u> |
| <b>16. INCREASE/(DECREASE) IN LONG TERM LOANS (EXTERNAL):</b>      |                           |                           |
| Loans Repaid                                                       | (821,816)                 | (93,679)                  |
|                                                                    | <u><b>(821,816)</b></u>   | <u><b>(93,679)</b></u>    |
| <b>17. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS:</b>       |                           |                           |
| Investments Realised                                               | 183,594                   | -                         |
| Investments Made                                                   | -                         | (925,544)                 |
|                                                                    | <u><b>183,594</b></u>     | <u><b>(925,544)</b></u>   |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2003**

|                                                  | 30-06-2002               | 30-06-2003                |
|--------------------------------------------------|--------------------------|---------------------------|
| <b>18. (INCREASE)/DECREASE IN CASH:</b>          |                          |                           |
| Cash balance at the beginning of the year        | 2,939,263                | 1,928,752                 |
| <b>Less:</b> Cash balance at the end of the year | (1,928,752)              | (4,204,092)               |
|                                                  | <u><u>1,010,511</u></u>  | <u><u>(2,275,340)</u></u> |
| <b>19 CAPITAL DEVELOPMENT FUND</b>               |                          |                           |
| Outstanding advances to borrowing services:-     |                          |                           |
| Accumulated Fund                                 | 5,276,890.00             | 6,153,739.13              |
| Less: External Investments                       | (4,795,136.89)           | (5,461,707.90)            |
| (Refer to Appendix A and B for more detail)      | <u><u>481,753.11</u></u> | <u><u>692,031.23</u></u>  |

## ACCUMULATED FUNDS, RESERVES, PROVISIONS &amp; TRUST FUNDS

|                           | BALANCE AT<br>2002-06-30 | CONTRIBUTIONS<br>DURING<br>THE YEAR | INTEREST ON<br>INVESTMENT | OTHER<br>INCOME | OPERATING<br>EXPENDITURE<br>DURING THE<br>YEAR | CAPITAL<br>EXPENDITURE<br>DURING THE<br>YEAR | BALANCE AT<br>2003-06-30 |
|---------------------------|--------------------------|-------------------------------------|---------------------------|-----------------|------------------------------------------------|----------------------------------------------|--------------------------|
|                           | R                        | R                                   | R                         | R               | R                                              | R                                            | R                        |
| <b>1. Statutory Funds</b> |                          |                                     |                           |                 |                                                |                                              |                          |
| Capital Development Fund  | 5,276,890                | 315,257                             | 561,592                   | -               | -                                              | -                                            | 6,153,739                |
| Land Trust Fund           | 4,183,212                | -                                   | 161,718                   | -               | -                                              | -                                            | 4,344,930                |
| Revolving Fund            | 1,063,535                | -                                   | -                         | -               | 1,063,535                                      | -                                            | -                        |
| <b>Trust Fund</b>         |                          |                                     |                           |                 |                                                |                                              |                          |
| Donations                 | 103,730                  |                                     |                           |                 | 103,730                                        |                                              | -                        |
| <b>Reserve Funds</b>      |                          |                                     |                           |                 |                                                |                                              |                          |
| Leave                     | 37,766                   | -                                   | -                         | -               | 37,766                                         |                                              | -                        |
| Maintenance Electricity   | 83,025                   | -                                   | -                         | -               | -                                              |                                              | 83,025                   |
| Maintenance Water         | 283,821                  | -                                   | -                         | -               | -                                              |                                              | 283,821                  |
| Maintenance Sewerage      | 142,901                  | -                                   | -                         | -               | -                                              | -                                            | 142,901                  |
| Maintenance General       | 199,952                  | -                                   | -                         | -               | -                                              | -                                            | 199,952                  |
| MHR Fly Fishing Park      | 219,526                  | -                                   | 7,448                     | -               | -                                              | -                                            | 226,974                  |
| Redemption Fund           | 755,990                  | -                                   | -                         | -               | 755,990                                        |                                              | -                        |
| Sport and Recreation      | 28,293                   | -                                   | -                         | -               | 28,293                                         |                                              | -                        |
| Forestry                  | 291,802                  | -                                   | -                         | -               | 291,802                                        |                                              | -                        |
| Old Hearse Building       | 11,764                   | -                                   | -                         | -               | 11,764                                         |                                              | -                        |
| <b>Provisions</b>         |                          |                                     |                           |                 |                                                |                                              |                          |
| Provision for Bad Debts   | 1,863,734                | -                                   |                           |                 |                                                | -                                            | 1,863,734                |
| Leave                     | 47,035                   | 923,691                             |                           | -               | 125,126                                        | -                                            | 845,600                  |
| General Valuation         | 44,322                   | -                                   |                           |                 | -                                              |                                              | 44,322                   |
| Election Expenditures     | 21,335                   | -                                   |                           |                 |                                                |                                              | 21,335                   |
| Audit Fees                | 94,140                   | 155,606                             |                           | -               | -                                              | -                                            | 249,746                  |
| <b>Sub-Total</b>          | <b>14,752,773</b>        | <b>1,394,554</b>                    | <b>730,758</b>            | <b>-</b>        | <b>2,418,006</b>                               | <b>-</b>                                     | <b>14,460,079</b>        |

## EXTERNAL LOANS AND INTERNAL ADVANCES

| Issued                          | Redeemable | Balance at<br>30 June 2002 | Received during<br>the year | Redeemed or Written<br>off during the year | Balance at<br>30 June 2003 |
|---------------------------------|------------|----------------------------|-----------------------------|--------------------------------------------|----------------------------|
|                                 |            | R                          | R                           | R                                          | R                          |
| <b>EXTERNAL LOANS</b>           |            |                            |                             |                                            |                            |
| R170 000 @ 14.79%               | 2008       | 48,197                     | -                           | 30,973                                     | 17,224                     |
| R70 000 @ 15.26%                | 2013       | 59,969                     | -                           | 2,356                                      | 57,613                     |
| SANLAM @ 16%                    | 2003       | 5,823                      | -                           | 5,823                                      | -                          |
| <b>C.M.B. Nominees</b>          |            |                            |                             |                                            |                            |
| 1994 @ 9.4% 2004                | 2004       | 87,631                     | -                           | -                                          | 87,631                     |
| 1974 @ 9.35% 2000               | 2000       | 32,887                     | 1,613                       | -                                          | 34,500                     |
| <b>COMMERCIAL UNION</b>         |            |                            |                             |                                            |                            |
|                                 |            | 8,444                      | -                           | 5,505                                      | 2,939                      |
| <b>ANNUITY LOAN</b>             |            |                            |                             |                                            |                            |
| 1979 @ 10.25% 2008              | 2008       | 37,350                     | -                           | 5,770                                      | 31,580                     |
| 1986 @ 17% 2006                 | 2006       | 18,600                     | -                           | 3,041                                      | 15,559                     |
| 1973 @ 9% 2003                  | 2003       | 25,917                     | -                           | 25,917                                     | -                          |
| 1978 @ 11.25% 2007              | 2007       | 68,553                     | -                           | 9,607                                      | 58,946                     |
| 1998 @ March 2003               | 2003       | 6,300                      | -                           | 6,300                                      | -                          |
|                                 |            | <b>399,671</b>             | <b>1,613</b>                | <b>95,292</b>                              | <b>305,992</b>             |
| <b>Internal Advances:</b>       |            |                            |                             |                                            |                            |
| <b>CAPITAL DEVELOPMENT FUND</b> |            |                            |                             |                                            |                            |
| - Traffic Brake Test            |            | -                          | -                           | -                                          | -                          |
| - Traffic Testing Centre        |            | 2,208                      | -                           | 2,208                                      | -                          |
| -Bomag Roller                   |            | 6,084                      | -                           | 6,084                                      | 0                          |
| -Main Substation                |            | 258,651                    | -                           | 10,547                                     | 248,104                    |
| -Upgrade Pool Tanker            |            | 14,164                     | -                           | 4,285                                      | 9,879                      |
| -Nissan LAW                     |            | 10,464                     | -                           | 10,464                                     | 0                          |
| - Upgrade Electrical Network    |            | 23,777                     | -                           | 3,895                                      | 19,882                     |
| -Tractor (FORD)                 |            | 37,944                     | -                           | 6,215                                      | 31,729                     |
| -Alarm                          |            | 2,534                      | -                           | 766                                        | 1,768                      |
| - Mass Refuse removal           |            | 23,359                     | -                           | 3,826                                      | 19,533                     |
| - Backactor (TLB)               |            | 14,794                     | -                           | 2,423                                      | 12,371                     |
| -Tractor Ford 3000              |            | 35,039                     | -                           | 5,739                                      | 29,300                     |
| -Trailer                        |            | 10,901                     | -                           | 1,786                                      | 9,115                      |
| - Massey Furgeson Tractor       |            | 38,932                     | -                           | 6,377                                      | 32,555                     |
| - Massey Furgeson Tractor       |            | 36,596                     | -                           | 5,994                                      | 30,602                     |
| -Nissan LAW                     |            | 9,452                      | -                           | 6,104                                      | 3,348                      |
| - Shed                          |            | 157,340                    | -                           | 7,248                                      | 150,092                    |
| - Hydraulic Lift                |            | 10,117                     | -                           | 2,180                                      | 7,937                      |
| - Tar Joubert Street            |            | 92,638                     | -                           | 6,822                                      | 85,816                     |
| - Traffic Test Centre           |            | -                          | -                           | -                                          | -                          |
| - Brake test                    |            | -                          | -                           | -                                          | -                          |
| <b>Land Trust Fund</b>          |            |                            |                             |                                            |                            |
| -Tourism Fase 1 & 2             |            | 154,397                    | -                           | 43,700                                     | 110,697                    |
|                                 |            | <b>939,391</b>             | <b>-</b>                    | <b>136,662</b>                             | <b>802,729</b>             |

## ANALYSIS OF FIXED ASSETS

| Expenditure | SERVICE                              | Budget    | Balance at | Expenditure | Written off,<br>transferred or<br>disposed of<br>during the<br>year | Balance at |
|-------------|--------------------------------------|-----------|------------|-------------|---------------------------------------------------------------------|------------|
| 2001/2002   |                                      | 2002/2003 | 30-06-2002 | 2002/2003   |                                                                     | 30-06-2003 |
| -           | <b>RATES &amp; GENERAL SERVICES:</b> | 219,300   | 43,241,547 | 2,510       | -                                                                   | 43,214,007 |
| -           | <b>COMMUNITY SERVICES:</b>           | 72,400    | 24,961,887 | 2,510       | -                                                                   | 24,934,347 |
| -           | Assessment                           | -         | -          | -           | -                                                                   | -          |
| -           | Health Services                      | 7,000     | 72,910     | -           | -                                                                   | 72,910     |
| -           | Forestry                             | 2,400     | 30,050     | -           | -                                                                   | -          |
| -           | Public Works                         | -         | 14,013,893 | -           | -                                                                   | 14,013,893 |
| -           | Management Services                  | 36,500    | 1,831,999  | -           | -                                                                   | 1,831,999  |
| -           | Council's General                    | -         | 5,560,645  | -           | -                                                                   | 5,560,645  |
| -           | Planning, Environment & Housing      | -         | 2,073,370  | -           | -                                                                   | 2,073,370  |
| -           | Economic and Social Services         | -         | 9,428      | -           | -                                                                   | 9,428      |
| -           | Municipal Manager                    | -         | -          | -           | -                                                                   | -          |
| -           | Finances/Treasurer                   | -         | -          | 2,510       | -                                                                   | 2,510      |
| -           | Town Clerk                           | -         | 138,395    | -           | -                                                                   | 138,395    |
| -           | Town Estate                          | -         | 426,416    | -           | -                                                                   | 426,416    |
| -           | Workshop                             | 15,000    | 84,000     | -           | -                                                                   | 84,000     |
| -           | Cemetery                             | -         | 43,280     | -           | -                                                                   | 43,280     |
| -           | Registration Authority               | -         | 100        | -           | -                                                                   | 100        |
| -           | Stores                               | 11,500    | 677,401    | -           | -                                                                   | 677,401    |
| -           | <b>SUSIDISED SERVICES:</b>           | 125,900   | 6,505,311  | -           | -                                                                   | 6,505,311  |
| -           | Market                               | -         | 14,120     | -           | -                                                                   | 14,120     |
| -           | Library                              | 300       | 28,012     | -           | -                                                                   | 28,012     |
| -           | Fire Protection                      | 10,000    | 481,942    | -           | -                                                                   | 481,942    |
| -           | Civil Building                       | 3,600     | 4,351,045  | -           | -                                                                   | 4,351,045  |
| -           | Abattoir                             | -         | -          | -           | -                                                                   | -          |
| -           | Parks & Pavements                    | 112,000   | 1,609,392  | -           | -                                                                   | 1,609,392  |
| -           | Swimming Pool                        | -         | 20,800     | -           | -                                                                   | 20,800     |

| Expenditure | SERVICE                     | Budget    | Balance at | Expenditure | Written off,<br>transferred or<br>disposed of<br>during the<br>year | Balance at |
|-------------|-----------------------------|-----------|------------|-------------|---------------------------------------------------------------------|------------|
| 2001/2002   |                             | 2002/2003 | 30-06-2002 | 2002/2003   |                                                                     | 30-06-2003 |
| -           | <b>ECONOMICAL SERVICES:</b> | 21,000    | 11,774,349 | -           | -                                                                   | 11,774,349 |
| -           | Cleansing                   | -         | 692,260    | -           | -                                                                   | 692,260    |
| -           | Licencing                   | 21,000    | 12,316     | -           | -                                                                   | 12,316     |
| -           | Holiday Resort              | -         | 607,137    | -           | -                                                                   | 607,137    |
| -           | Sewerage                    | -         | 10,462,636 | -           | -                                                                   | 10,462,636 |
| -           | <b>TRADING SERVICES:</b>    | 30,000    | 29,158,538 | -           | -                                                                   | 29,158,538 |
| -           | Electricity                 | 30,000    | 12,593,046 | -           | -                                                                   | 12,593,046 |
| -           | Water                       | -         | 16,565,492 | -           | -                                                                   | 16,565,492 |
| -           | <b>HOUSING:</b>             | -         | 26,870     | -           | -                                                                   | 26,870     |
| -           | Housing                     | -         | 26,870     | -           | -                                                                   | 26,870     |
| 342,837     | <b>TOTAL FIXED ASSETS</b>   | 249,300   | 72,426,955 | 2,510       | -                                                                   | 72,429,465 |

|                                                   | Balance at        | Expenditure      | Written off,<br>transferred or<br>disposed of<br>during the<br>year | Balance at        |
|---------------------------------------------------|-------------------|------------------|---------------------------------------------------------------------|-------------------|
|                                                   | 30-06-2002        | 2002/2003        |                                                                     | 30-06-2003        |
| <b>SERVICE</b>                                    |                   |                  |                                                                     |                   |
| <b>LESS:</b>                                      |                   |                  |                                                                     |                   |
| <b>LOANS REDEEMED AND OTHER CAPITAL RECEIPTS:</b> | <b>67,695,797</b> | <b>232,796</b>   | <b>-</b>                                                            | <b>67,928,593</b> |
| Loans redeemed & Advances                         | 2,309,914         | 230,286          | -                                                                   | 2,540,200         |
| Contribution ex operating income                  | 6,559,780         | 2,510            | -                                                                   | 6,562,290         |
| General Capital-ward 2                            | 105,557           | -                | -                                                                   | 105,557           |
| General Capital                                   | 53,187,562        | -                | -                                                                   | 53,187,562        |
| Donations                                         | 5,532,984         | -                | -                                                                   | 5,532,984         |
|                                                   |                   |                  |                                                                     | -                 |
| <b>NET FIXED ASSETS</b>                           | <b>4,731,158</b>  | <b>(230,286)</b> | <b>-</b>                                                            | <b>4,500,872</b>  |

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED**  
**30 JUNE 2003**

| 2002                     |                                 | 2003                     | 2003                     |
|--------------------------|---------------------------------|--------------------------|--------------------------|
| ACTUAL                   |                                 | ACTUAL                   | BUDGET                   |
| R                        |                                 | R                        | R                        |
|                          | <b>INCOME</b>                   |                          |                          |
| 4,520,951                | Grants and subsidies            | 4,072,589                | 3,714,200                |
| 4,169,123                | Assesment Rates                 | 4,723,908                | 4,671,750                |
| 9,046,390                | Sale of Electricity             | 6,945,237                | 10,122,240               |
| 3,086,797                | Sale of Water                   | 1,531,442                | 3,122,736                |
| 10,702,407               | Other service charges           | 9,646,035                | 11,689,852               |
| <b><u>31,525,668</u></b> |                                 | <b><u>26,919,211</u></b> | <b><u>33,320,778</u></b> |
|                          | <b>EXPENDITURE</b>              |                          |                          |
| 11,198,857               | Wages and allowances            | 13,321,439               | 15,271,979               |
| 16,802,774               | <b>General Expenses:</b>        | 11,580,980               | 13,996,675               |
| -                        | * Bulk water purchases          | -                        | -                        |
| 6,656,383                | * Bulk electricity purchases    | 5,955,808                | 7,031,800                |
| 10,146,391               | * Other general expenses        | 5,625,172                | 6,964,875                |
|                          | General Expenses not classified |                          | -                        |
| 1,080,799                | Repairs and maintenance         | 2,183,586                | 3,343,070                |
| 968,839                  | Capital Charges                 | 352,184                  | 962,239                  |
| 342,837                  | Contributions to Fixed Assets   | 2,510                    | 249,300                  |
| 746,371                  | Contributions to Funds          | 315,257                  | -                        |
| <b>31,140,477</b>        | <b>Gross Expenditure</b>        | <b>27,755,955</b>        | <b>33,823,263</b>        |
|                          | Less: Amounts charged out       | -                        | -                        |
| <b><u>31,140,477</u></b> | <b>Net Expenditure</b>          | <b><u>27,755,955</u></b> | <b><u>33,823,263</u></b> |

**DETAILED INCOME STATEMENT**  
for the year ended  
30 JUNE 2003

| 2002              | 2002                  | 2002                  |                                     | 2003              | 2003                  | 2003                  | 2003                            |
|-------------------|-----------------------|-----------------------|-------------------------------------|-------------------|-----------------------|-----------------------|---------------------------------|
| ACTUAL<br>INCOME  | ACTUAL<br>EXPENDITURE | SURPLUS/<br>(DEFICIT) |                                     | ACTUAL<br>INCOME  | ACTUAL<br>EXPENDITURE | SURPLUS/<br>(DEFICIT) | BUDGET<br>SURPLUS/<br>(DEFICIT) |
| R                 | R                     | R                     |                                     | R                 | R                     | R                     | R                               |
| 19,392,482        | 20,869,703            | (1,477,221)           | <b>RATES &amp; GENERAL SERVICES</b> | 16,754,790        | 18,614,646            | (1,859,856)           | (1,577,629)                     |
| <b>12,817,283</b> | <b>14,804,546</b>     | <b>(1,987,263)</b>    | <b>COMMUNITY SERVICES</b>           | <b>10,725,747</b> | <b>12,911,932</b>     | <b>(2,186,186)</b>    | <b>(912,661)</b>                |
| 4,169,123         | -                     | 4,169,123             | Assessment Rates                    | 4,723,908         | -                     | 4,723,908             | 4,671,750                       |
| -                 | -                     | -                     | Management Services                 | -                 | -                     | -                     | -                               |
| 120               | 225,564               | (225,444)             | Forestry                            | -                 | 178,147               | (178,147)             | (194,598)                       |
| 33,109            | 753,882               | (720,773)             | Health Services                     | 125,310           | 884,401               | (759,091)             | (350,436)                       |
| 71,076            | 2,498,689             | (2,427,613)           | Public Works                        | 47,622            | 3,315,306             | (3,267,683)           | (3,642,414)                     |
| 3,829,179         | 5,796,272             | (1,967,093)           | Council's General                   | 303,155           | 2,721,091             | (2,417,936)           | (566,014)                       |
| 22,999            | 232,263               | (209,264)             | Cemetery                            | 25,358            | 138,083               | (112,725)             | (305,357)                       |
| 2,589,548         | 920,850               | 1,668,698             | Municipal Manager                   | 3,949,169         | 1,317,842             | 2,631,327             | 1,455,890                       |
| 243               | 560,013               | (559,770)             | Town Secretary                      | -                 | 370,789               | (370,789)             | -                               |
| 1,263,216         | 2,352,307             | (1,089,091)           | Finance / Town Treasury             | 1,178,665         | 2,789,040             | (1,610,375)           | (2,446,816)                     |
| 318,615           | 430,589               | (111,974)             | Town Estate                         | -                 | -                     | -                     | -                               |
| -                 | 138,172               | (138,172)             | Workshop                            | -                 | 199,488               | (199,488)             | (215,526)                       |
| 520,055           | 895,945               | (375,890)             | Traffic                             | 372,560           | 997,744               | (625,185)             | 716,010                         |
| -                 | -                     | -                     | Stores                              | -                 | -                     | -                     | (35,150)                        |
| <b>26,423</b>     | <b>927,525</b>        | <b>(901,102)</b>      | <b>SUBSIDISED SERVICES</b>          | <b>413,583</b>    | <b>1,950,921</b>      | <b>(1,537,339)</b>    | <b>(2,223,727)</b>              |
| -                 | -                     | -                     | Library                             | -                 | -                     | -                     | -                               |
| 9,679             | 249,466               | (239,787)             | Fire Services                       | 9,335             | 298,122               | (288,787)             | (299,273)                       |
| 2,190             | 83,717                | (81,527)              | Civil Buildings                     | 2,408             | 55,140                | (52,732)              | (100,710)                       |
| -                 | -                     | -                     | Swimming Pool                       | 367,338           | 239,791               | 127,547               | (9,400)                         |
| 5,278             | 20,970                | (15,692)              | Parks & Pavements                   | 6,241             | 24,165                | (17,924)              | (34,370)                        |
| 9,276             | 573,372               | (564,096)             |                                     | 28,261            | 1,333,703             | (1,305,443)           | (1,779,974)                     |
| 15,813,455        |                       |                       |                                     |                   |                       |                       |                                 |

| 2002             | 2002                  | 2002                  |                            | 2003             | 2003                  | 2003                  | 2003                            |
|------------------|-----------------------|-----------------------|----------------------------|------------------|-----------------------|-----------------------|---------------------------------|
| ACTUAL<br>INCOME | ACTUAL<br>EXPENDITURE | SURPLUS/<br>(DEFICIT) |                            | ACTUAL<br>INCOME | ACTUAL<br>EXPENDITURE | SURPLUS/<br>(DEFICIT) | BUDGET<br>SURPLUS/<br>(DEFICIT) |
| R                | R                     | R                     |                            | R                | R                     | R                     | R                               |
| 6,548,776        | 5,137,632             | 1,411,144             | <b>ECONOMICAL SERVICES</b> | 5,615,461        | 3,751,793             | 1,863,668             | 1,558,759                       |
| 2,447,483        | 2,012,128             | 435,355               | Licensing                  | 1,394,306        | 510,624               | 883,682               | 451,351                         |
| 2,252,165        | 1,332,178             | 919,987               | Sewerage                   | 2,226,031        | 1,557,107             | 668,924               | 681,722                         |
| 37,921           | 459,883               | (421,962)             | Holiday Resort             | -                | -                     | -                     | -                               |
| 1,811,207        | 1,333,443             | 477,764               | Cleansing Service          | 1,995,124        | 1,684,061             | 311,062               | 425,686                         |
| -                | -                     | -                     | <b>HOUSING SERVICES</b>    | -                | -                     | -                     | -                               |
| -                | -                     | -                     | Housing                    | -                | -                     | -                     | -                               |
| 12,133,187       | 10,270,775            | 1,862,412             | <b>TRADING SERVICES</b>    | 10,164,421       | 9,141,308             | 1,023,113             | 1,588,914                       |
| 9,046,390        | 8,831,898             | 214,492               | Electricity                | 7,064,691        | 7,366,792             | (302,101)             | 980,336                         |
| 3,086,797        | 1,438,877             | 1,647,920             | Water                      | 3,099,730        | 1,774,516             | 1,325,214             | 608,578                         |

| 2002              | 2002                  | 2002                  |                                                                    | 2003              | 2003                  | 2003                  | 2003                            |
|-------------------|-----------------------|-----------------------|--------------------------------------------------------------------|-------------------|-----------------------|-----------------------|---------------------------------|
| ACTUAL<br>INCOME  | ACTUAL<br>EXPENDITURE | SURPLUS/<br>(DEFICIT) |                                                                    | ACTUAL<br>INCOME  | ACTUAL<br>EXPENDITURE | SURPLUS/<br>(DEFICIT) | BUDGET<br>SURPLUS/<br>(DEFICIT) |
| R                 | R                     | R                     |                                                                    | R                 | R                     | R                     | R                               |
| <hr/>             |                       |                       |                                                                    |                   |                       |                       |                                 |
| <u>31,525,669</u> | <u>31,140,478</u>     | 385,191               | TOTAL                                                              | <u>26,919,211</u> | <u>27,755,954</u>     | (836,743)             | <u>11,285</u>                   |
|                   |                       | (2,919,337)           | Appropriations for the year                                        |                   |                       | 8,291,264             |                                 |
|                   |                       | <u>(2,534,146)</u>    | Net Surplus / (Defecit) for the year                               |                   |                       | <u>7,454,521</u>      |                                 |
|                   |                       | <u>16,750,052</u>     | Unappropriated Surplus / (Defecit) at<br>the beginning of the year |                   |                       | <u>14,215,906</u>     |                                 |
|                   |                       | <u>14,215,906</u>     | Unappropriated Surplus / (Defecit) at<br>the end of the            |                   |                       | <u>21,670,427</u>     |                                 |